

AN ORDINANCE 100205

DESIGNATING A PREFERRED HOTEL DEVELOPER TO NEGOTIATE A MEMORANDUM OF UNDERSTANDING, A PROJECT AGREEMENT, A GROUND LEASE AND RELATED LEGAL DOCUMENTS FOR THE CONSTRUCTION OF A CONVENTION HEADQUARTERS HOTEL ON LAND ADJACENT TO THE HENRY B. GONZALEZ CONVENTION CENTER; AND EXPRESSING OFFICAL INTENT TO REIMBURSE FROM BOND PROCEEDS THE COSTS OF PLANNING, DESIGNING, ACQUIRING, CONSTRUCTING AND EQUIPPING SAID HOTEL.

* * * * *

WHEREAS, on July 31, 2002, the City of San Antonio (City) issued a Request for Qualifications (RFQ) seeking developers for a Convention Headquarters Hotel Project (Project) with approximately 1,000 guest rooms to be located adjacent to the Henry B. Gonzalez Convention Center; and

WHEREAS, the City also desires to build numerous ballrooms, conference rooms, restaurant and dining facilities, and various other facilities and amenities adjacent to the Convention Headquarters Hotel; and

WHEREAS, on September 6, 2002, the following five developers from corresponding cities responded to the RFQ: Hines (Houston); Landmark Organization (Austin), subsequently acquired by FaulknerUSA; Mesirow Stein (Chicago); Related Lodging (New York); and Ryan Companies (Minneapolis); and

WHEREAS, on February 27, 2003, the City Council approved the creation of the Convention Center Hotel Advisory Board (CCHAB), which included local experts to assist the City Council in formulating recommendations and focus on expediting the hotel development process; and

WHEREAS, the CCHAB issued two reports in August 2003 and May 2004 that guided the development of the Request for Proposals (RFP) that City Council approved on June 10, 2004; and

WHEREAS, Mesirow Stein withdrew from the initial RFP process, and, thereafter, the City issued a Limited Invitation RFP to the remaining four respondents on June 15, 2004; and

WHEREAS, the Ryan Companies subsequently withdrew from the RFP process and on August 24, 2004, the City received proposal from FaulknerUSA, Hines/Centex and the Related Group/Zachry; and

WHEREAS, City staff organized an Evaluation Panel that was composed of representatives from the City Manager's Office, Economic Development and Convention Facilities Departments and the Convention and Visitors Bureau, and received financial and hotel feasibility analysis

from the City's financial advisor (Coastal Securities), underwriters (UBS and Citigroup) and hotel consultant (HVS International); and

WHEREAS, the Evaluation Panel interviewed the respondents on November 8, 2004 according to the following evaluation criteria based on a 100-point scale:

- Quality and Creativity of Development Proposal (25 points)
- Quality of the Preferred Financing Plan / Alternative Financing Plan (25 points)
- Development Schedule (15 points)
- Developer Qualifications (15 points)
- SBEDA (Small Business Economic Development Advocacy) Policy Compliance (20 points); and

WHEREAS, the Evaluation Panel Summary Score Sheet is attached hereto and incorporated herein as Attachment "A," which shows that FaulknerUSA received a total score of 90 points; the Related Group/Zachry team scored 78.25 points; and the Hines/Centex team scored 71.50 points; and

WHEREAS, based on this evaluation, City staff and consultants recommend that FaulknerUSA be selected as the City's Preferred Hotel Developer for the Project; and

WHEREAS, City Council received presentations from the 3 respondents in a special meeting on December 7, 2004, and discussed and questions the firms again on December 16, 2004; and

WHEREAS, the City expects that it will pay expenditures in connection with planning, designing, acquiring, constructing and equipping the Convention Headquarters Hotel prior to the issuance of obligations by the City, or a nonprofit corporation created by the City, to finance the Project;

WHEREAS, the City finds, considers and declares that the reimbursement of the City for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the City, and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150-2 of the Treasury Regulations, to reimburse itself for such payments at such time as the City, or a nonprofit corporation created by the City, issues obligations to finance the Project;
NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. Faulkner USA is hereby designated as the Preferred Hotel Developer to develop a Convention Headquarters Hotel located adjacent to the Henry B. Gonzalez Convention Center. The Interim City Manager, or his designee, is hereby directed to negotiate a Memorandum of Understanding, Project Agreement and a Ground Lease, and all related legal documents, for the construction of the Convention Headquarters Hotel. Upon completion of the negotiations, the terms of these legal documents will be presented to City Council for final approval.

SECTION 2. In connection with the planning, designing, acquiring, constructing and equipping the Convention Headquarters Hotel, the City, or a non-profit corporation created by the City, reasonably expects to incur debt, as one or more series of obligations for the purpose of paying

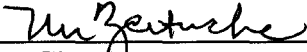
KAM
Item # I. A.
12/21/04

the costs of the Project. All costs to be reimbursed with proceeds of tax-exempt obligations will be capital expenditures within the meaning of Section 1.150-2 of the Treasury Regulations. No tax-exempt obligations will be issued by the City, or a nonprofit corporation created by the City, in furtherance of this Ordinance, after a date which is later than 18 months after the later of: (1) the date the expenditures are paid; or (2) the date on which the property, with respect to which such expenditures were made, is placed in service. The foregoing notwithstanding, no tax-exempt obligations will be issued pursuant to this Ordinance more than three years after the date any expenditure which is to be reimbursed is paid.

SECTION 3. This Ordinance shall take effect on the tenth (10th) day after the date of passage hereof.


MAYOR
EDWARD D. GARZA

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
for City Attorney